

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – OCTOBER 26, 2005

PRESENT: Chairman Anthony Maiola and Commissioner John Byrne; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Steven Slovenski, Legal Counsel; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Evie Taft, Human Resources Administrator; George Tsiopras, Chief Financial Officer; Nicole Horton, Wine Marketing Specialist; Doreen Wittenberg, Business Supervisor, Administrative Services; Lt. Lisa Soiett, Bureau of Enforcement. **Guests:** Al Picconi, Southern Wine & Spirits of New England, Inc.; Michael Goclowski, Law Warehouses.

EXCUSED: Commissioner Patricia Russell; Richard Gerrish, Spirits Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending October 23, 2005 were up by 10.03% or \$702,724 for the weekly comparison, and also increased year-to-date by 4.09% or \$5,370,114.

B. Budget/Administrative Reports:

George attended the last Governor and Council meeting. The Commission had two items on the agenda, which were approved with no problems.

Craig found out at the recent NABCA Administrator's Conference that the Survey Book will go electronic and will be available on the web site for control states and industry members to access.

The Governor's Office is attempting to do an audit of electricity usage by all state buildings. The Commission will have to catalog all of the store locations and determine the total of number of computers, etc. Craig will work with Peter Engel and John Larochelle on building a data base for this purpose.

The latest Expense Budget Activity Variance Report shows the year to be at about 32% expired, with around 28% of the total budget expended. Utilities and Class 50 monies are still being tracked.

Annual inventory is being taken of fixed assets at headquarters, Enforcement and the stores, which includes making sure that all equipment has identifying tags.

The estimate for liquor sales is \$9.8 million, with actual sales occurring at about \$7.6 million for the month. Good sales numbers are expected for the weekend, but the Commission may still end up a little short of the estimate.

2. IT Report

Changes made to the servers last night did cause a few problems this morning, both for some in-house computers and some in the stores. There is also no connection with the Enforcement Bureau. It is not exactly known what caused this, but all should be resolved within an hour or so.

IT has been able to produce a program regarding an on-line version of the customer survey. It can be utilized to ask any questions the user desires.

3. Human Resources Report

There is nothing significant to report regarding workers' compensation in comparison with last year. Costs are around \$50,000, with claims running about the same as last year.

II. MARKETING & SALE REPORTS

1. Store Operations

Total store sales for the week ending 10/23/05 increased by 7.33% or \$398,512.39. There was nothing unusual to report.

The Glen store had its grand opening yesterday. Peter reported that the store looks very good, and that laminated cornice work was used all the way around for the first time. John Bunnell remarked that he thought the new valance signage was very effective.

Today is the last day for training at the Flagg Hill Winery. Regional training meetings will now be set up.

There was a break-in at Store #35 in Hillsboro, and the maintenance crew will be going up there this morning to survey damages.

2. Purchasing Report: No report given.

3. Merchandising Report

A. SPIRITS:

1) Test Market Results (Code #3757):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the delisting of Code #3757, Danzka Cranberyaz Vodka, 750ML size, as this item failed to achieve both the gross profits required for full distribution and specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Product Demo Request (UV Blue Raspberry Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./ Phillips Distilling Company to conduct a product demonstration in conjunction with UV Blue Raspberry Vodka, 1.75L size on October 28 and November 4, 2005 from 4:00 to 7:00 p.m. in Stores #73 and #76 Hampton, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One-Time Buys:

a. Bowmore 16 Limited Scotch:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, approve a request from Horizon Beverage Company/White Rock Distillers for the Commission to make a one-time purchase of Bowmore 16 Limited Scotch, 1.75L size (assigned new Code #2933), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Camus Borderies Cognac:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from Perfecta Wine Company to make a one-time purchase of Camus Borderies Cognac, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Chateau de Laubade Bas Armagnac:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from Perfecta Wine Company to make a one-time purchase of Chateau de Laubade Bas

Armagnac, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Chateau de Laubade 1983 Vintage Bas Armagnac:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission deny a request from Perfecta Wine Company to make a one-time purchase of Chateau de Laubade 1983 Vintage Bas Armagnac, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) December Special Offers:

a. 3 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for three (3) spirit items, to be featured on sale during December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 2 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Horizon Beverage Company, based upon depletions for two (2) spirit items, to be featured on sale during December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 1 revised item – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a special offer from Horizon Beverage Company, based upon depletions for one (1) spirit item, to be featured on sale during December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 2 unmatched items – Southern Wine & Spirits of N.E., Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Southern Wine & Spirits of New England, Inc., based upon depletions, without matching state funds, for two (2) spirit items, to be featured on sale during December 2005, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Special Offers for December 2005 (1 item – Executive Wine & Spirits):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a special offer from Executive Wine & Spirits, based upon depletions/special purchase allowances for one (1) wine item, to be featured on sale during December 2005, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Close Out Wine – Mark Down Recommendations:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve close out mark downs on one hundred fourteen (114) wine items, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Primary Source Submissions (1 primary source; 8 exclusive agent; 15 imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of one (1) wine code which is from primary source, eight (8) wine codes which are offered by the exclusive marketing agent, and fifteen (15) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Tabled Items:

- a. Appeal on Delist of Lancers Rose (10/19/05, Item B-6):

Item remained on the table.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment releases/transfers dated October 20 through October 26, 2005. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests for the month of November 2005. The motion was unanimously adopted.

3. Late Items/Other:

a. One Time Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a request from M.S. Walker, N.H. for the Commission to make a one-time purchase of Code #43069, Napa Ridge Napa Valley 2002 Merlot and Code #43068, Napa Ridge Napa Valley Chardonnay, 1.5L sizes, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. NH Stories – Leases at Stores #76 and #73 in Hampton:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission allow the Marketing Department to seek necessary approval from the Long Range Planning Committee and the Governor and Council to renew the leases for Stores #73 and #76 in Hampton, as requested by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

/D. Hartford

John W. Byrne, Chairman

